



April 3, 2003

ENGROSSED SENATE BILL No. 523

DIGEST OF SB 523 (Updated April 2, 2003 1:04 PM - DI 108)

Citations Affected: IC 36-8; noncode.

Synopsis: 1977 fund service purchase. Allows certain members of the 1977 police officers' and firefighters' pension and disability fund to purchase at full actuarial cost additional service credit needed for the member to retire with a full unreduced benefit. Permits the member's employer to adopt an ordinance to pay all or part of the member's contributions required for the purchase of the service. Provides that the pension base for a police officer or firefighter includes the part of the officer's clothing allowance that exceeds \$600.

Effective: July 1, 2003.

**Server, Lutz L, Antich, Bowser,
Young R Michael**

(HOUSE SPONSORS — AVERY, BECKER, WEINZAPFEL)

January 23, 2003, read first time and referred to Committee on Rules and Legislative Procedure.

February 18, 2003, amended; reassigned to Committee on Pensions and Labor.

February 27, 2003, amended, reported favorably — Do Pass.

March 3, 2003, read second time, ordered engrossed. Engrossed.

March 4, 2003, read third time, passed. Yeas 47, nays 0.

HOUSE ACTION

March 13, 2003, read first time and referred to Committee on Labor and Employment.

March 27, 2003, reported — Do Pass. Recommitted to Committee on Ways and Means.

April 2, 2003, amended, reported — Do Pass.

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April 3, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

ENGROSSED SENATE BILL No. 523

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 36-8-1-11 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11. (a) "Salary of a first
3 class patrolman or first class firefighter" means the base salary of a
4 patrolman or firefighter plus:
5 (1) all longevity increases, if provided by the employer, for
6 service of twenty (20) years or less; **and**
7 (2) **an amount equal to the greater of zero (0) or:**
8 (A) **the total remuneration or allowances for clothing that**
9 **are paid to the patrolman or firefighter; minus**
10 **(B) six hundred dollars (\$600);**
11 but does not include remuneration or allowances for fringe benefits,
12 incentive pay, holiday pay, insurance, clothing **(except to the extent**
13 **allowed under subdivision (2)),** automobiles, firearms, education,
14 overtime, or compensatory time off.
15 (b) With respect to the 1925, 1937, and 1953 funds, "salary of a first
16 class patrolman or firefighter" may include longevity increases for
17 more than twenty (20) years of service at the option of the employer but

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only if these longevity increases had taken effect before January 1, 1983.

SECTION 2. IC 36-8-6-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 19. (a) Remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, ~~clothing~~, automobiles, firearms, education, overtime, or compensatory time off may not be used in the computation of benefits under this chapter.

(b) If the remuneration or allowances described in subsection (a) were used to compute benefits for a recipient who began receiving benefits before May 2, 1977, this computation may continue only for that recipient and only during the eligibility period for benefits. The municipality and the official involved are not liable for making the overpayment, and a recipient is not required to repay the overpayment.

(c) Remuneration or allowances for clothing may be used in the computation of benefits under this chapter to the extent allowed under IC 36-8-1-11.

SECTION 3. IC 36-8-7-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 25. (a) Remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, ~~clothing~~, automobiles, firearms, education, overtime, or compensatory time off may not be used in the computation of benefits under this chapter.

(b) If the remuneration or allowances described in subsection (a) were used to compute benefits for a recipient who began receiving benefits before May 2, 1977, this computation may continue only for that recipient and only during the eligibility period for benefits. The unit and the official involved are not liable for making the overpayment, and a recipient is not required to repay the overpayment.

(c) Remuneration or allowances for clothing may be used in the computation of benefits under this chapter to the extent allowed under IC 36-8-1-11.

SECTION 4. IC 36-8-7.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 21. (a) Remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, ~~clothing~~, automobiles, firearms, education, overtime, or compensatory time off may not be used in the computation of benefits under this chapter.

(b) If the remuneration or allowances described in subsection (a) were used to compute benefits for a recipient who began receiving benefits before May 2, 1977, this computation may continue only for that recipient and only during the eligibility period for benefits. The

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city and the official involved are not liable for making the overpayment, and a recipient is not required to repay the overpayment.

(c) Remuneration or allowances for clothing may be used in the computation of benefits under this chapter to the extent allowed under IC 36-8-1-11.

SECTION 5. [EFFECTIVE JULY 1, 2003] (a) This SECTION applies to a member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) who:

(1) first became a member of the 1977 fund after December 31, 1993, and before October 1, 1996;

(2) was at least thirty-six (36) years of age at the time the member first became a member of the 1977 fund; and

(3) will not accrue twenty (20) years of service credit in the 1977 fund before the member reaches the mandatory retirement age established by the member's employer.

(b) In addition to the service credit that a member earns through active service, before a member retires the member may purchase the additional amount of service credit needed for the member to retire with a full unreduced benefit by making contributions to the 1977 fund equal to the product of the following:

(1) The salary of a first class patrolman or firefighter, whichever is applicable, at the time the member makes the contribution.

(2) Twenty-seven percent (27%).

(3) The number of years of service credit the member intends to purchase.

(c) The following apply to the purchase of service credit under this SECTION:

(1) The service credit allowed is limited to the amount necessary, when added to the member's active service, for the member to accrue twenty (20) years of service credit in the 1977 fund by the time the member reaches the mandatory retirement age established by the member's employer.

(2) The member may pay the amount determined in subsection (b) as:

(A) a lump sum; or

(B) a series of payments determined by the public employees' retirement fund (PERF) board, not to exceed five (5) annual payments, plus interest over the period of the payments at a rate determined by the actuary for the 1977 fund.

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1 (3) A member may not use the service credit unless the
2 member has made all payments required for the purchase of
3 the service credit.

4 (4) To the extent permitted by IC 36-8-8-18, a member may
5 use:

6 (A) a rollover distribution; or

7 (B) a trustee to trustee transfer;

8 to purchase service credit under this SECTION.

9 (d) If a member terminates employment before satisfying the
10 eligibility requirements necessary to receive a monthly benefit
11 under IC 36-8-8, the PERF board shall return the purchase
12 amount, plus accumulated interest, in accordance with IC 36-8-8-8.

13 (e) A member's employer may adopt an ordinance to pay all or
14 part of the member's contributions required for the purchase of
15 service under this SECTION.

16 (f) This SECTION expires December 31, 2007.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 523, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

A BILL FOR AN ACT concerning pensions.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Pensions and Labor

(Reference is to SB 523 as introduced.)

GARTON, Chairperson

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SENATE MOTION

Mr. President: I move that Senator Lutz L be added as second author and Senators Antich, Bowser and Young R Michael be added as coauthors of Senate Bill 523.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 523, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 15, delete "as follows:".

Page 1, line 16, delete "(1) The contributions to the 1977 fund must be".

Page 1, run in lines 15 through 16.

Page 1, line 18, delete "(A)", begin a new line block indented and insert:

"(1)".

Page 2, delete lines 3 through 8.

Page 2, line 9, delete "(C)", begin a new line block indented and insert:

"(2) **Twenty-seven percent (27%).**

(3)".

Page 2, delete lines 11 through 14.

Page 2, line 27, delete "." and insert "**, plus interest over the period of the payments at a rate determined by the actuary for the 1977 fund.**".

Page 2, line 42, delete "In that event, the 1977 fund's actuary".

Page 3, delete lines 1 through 2.

and when so amended that said bill do pass.

(Reference is to SB 523 as printed February 19, 2003.)

HARRISON, Chairperson

Committee Vote: Yeas 7, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Labor and Employment, to which was referred Senate Bill 523, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

LIGGETT, Chair

Committee Vote: yeas 12, nays 1.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 523, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 36-8-1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11. (a) "Salary of a first class patrolman or first class firefighter" means the base salary of a patrolman or firefighter plus:

- (1) all longevity increases, if provided by the employer, for service of twenty (20) years or less; **and**
- (2) **an amount equal to the greater of zero (0) or:**
 - (A) **the total remuneration or allowances for clothing that are paid to the patrolman or firefighter; minus**
 - (B) **six hundred dollars (\$600);**

but does not include remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, clothing **(except to the extent allowed under subdivision (2))**, automobiles, firearms, education, overtime, or compensatory time off.

(b) With respect to the 1925, 1937, and 1953 funds, "salary of a first class patrolman or firefighter" may include longevity increases for more than twenty (20) years of service at the option of the employer but only if these longevity increases had taken effect before January 1, 1983.

SECTION 2. IC 36-8-6-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 19. (a) Remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, ~~clothing~~, automobiles, firearms, education, overtime, or compensatory time off may not be used in the computation of benefits under this chapter.

(b) If the remuneration or allowances described in subsection (a) were used to compute benefits for a recipient who began receiving benefits before May 2, 1977, this computation may continue only for that recipient and only during the eligibility period for benefits. The municipality and the official involved are not liable for making the overpayment, and a recipient is not required to repay the overpayment.

(c) Remuneration or allowances for clothing may be used in the

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computation of benefits under this chapter to the extent allowed under IC 36-8-1-11.

SECTION 3. IC 36-8-7-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 25. (a) Remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, ~~clothing~~, automobiles, firearms, education, overtime, or compensatory time off may not be used in the computation of benefits under this chapter.

(b) If the remuneration or allowances described in subsection (a) were used to compute benefits for a recipient who began receiving benefits before May 2, 1977, this computation may continue only for that recipient and only during the eligibility period for benefits. The unit and the official involved are not liable for making the overpayment, and a recipient is not required to repay the overpayment.

(c) Remuneration or allowances for clothing may be used in the computation of benefits under this chapter to the extent allowed under IC 36-8-1-11.

SECTION 4. IC 36-8-7.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 21. (a) Remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, ~~clothing~~, automobiles, firearms, education, overtime, or compensatory time off may not be used in the computation of benefits under this chapter.

(b) If the remuneration or allowances described in subsection (a) were used to compute benefits for a recipient who began receiving benefits before May 2, 1977, this computation may continue only for that recipient and only during the eligibility period for benefits. The city and the official involved are not liable for making the overpayment, and a recipient is not required to repay the overpayment.

(c) Remuneration or allowances for clothing may be used in the computation of benefits under this chapter to the extent allowed under IC 36-8-1-11."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to ESB 523 as printed March 28, 2003.)

CRAWFORD, Chair

Committee Vote: yeas 26, nays 0.

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